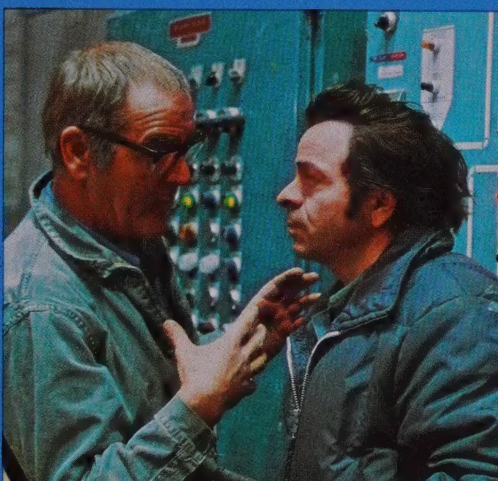


# Annual Report 1974 · GREAT WEST STEEL INDUSTRIES LTD.





**GREAT WEST STEEL INDUSTRIES LTD.** is a Canadian owned group of inter-related manufacturing and engineering companies, providing goods and services primarily to the natural resources and construction industries.

The Company engineers and manufactures bucketwheel excavators, stackers and reclaimers and other minerals handling equipment while its Resource Engineering Division is an acknowledged expert in coal preparation plant design. This division also manufactures and markets exothermic insulations for foundries and steel mills and chemical consumables used in new coal processing technology and steel production.

The Manufacturing Division's main product is open web steel joists manufactured from components produced on its own forming mills. This product is a substitute for concrete and structural steel in roof and floor systems.

The Company's plant facilities and engineering expertise are strategically located to participate in energy related projects, particularly tarsands development and coal mining.

## **MAIN PRODUCTS AND SERVICES**

*Process Designers, Engineers and Manufacturers*

Bucketwheel Excavators, Stackers  
Reclaimers

Bulk Materials Sampling Equipment  
Coal Plant, Foundry and Steel Mill  
Consumables

Coal Preparation Plants

Coal Engineering and Testing

Crane Service and Pile Driving

Dycore Extruded Prestressed Wall  
and Floor Slabs

Exothermic Insulators

Heat Exchangers

Materials Handling Systems

Mining and Minerals Processing  
Equipment

Plant Maintenance Service

Refractory Bricks and Paving Tiles

Refuse Treatment Plants

Steel Joists

Steel Plate Work

Structural Steel

Vibratory Equipment and Conveyors

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## Highlights of Operation

*In thousands of dollars except as indicated\**

	1974	1973
Net Working Capital†	\$ 8,861	\$ 5,934
Net Fixed Assets	11,020	10,891
Other Assets	1,624	1,730
Total Net Assets	<u>21,505</u>	<u>18,555</u>
Represented by:		
Funded Debt	8,551	9,296
Deferred Income Taxes	3,992	2,353
Minority Interest	—	49
Shareholders' Equity	<u>8,962</u>	<u>6,857</u>
	<u>21,505</u>	<u>18,555</u>
Capital Expenditures on Fixed Assets	1,041	2,703
Total Capital Expenditures	<u>1,041</u>	<u>2,703</u>
Total Payroll and Benefits	19,400	16,220
Number of Employees at Year End*	1,463	1,431
Dollars of Investment in Plant per Employee*	10,363	10,021
Sales	64,285	46,857
Earnings from Operations before Depreciation, Amortization, Interest and Income Taxes	7,758	2,769
Net Earnings:		
Before Extraordinary Item	2,308	533
After Extraordinary Item	2,105	345
Net Earnings as % of Sales:		
Before Extraordinary Item	3.6%	1.1%
After Extraordinary Item	3.3%	.7%
Net Earnings per Share:**		
Before Extraordinary Item	\$1.36	31¢
After Extraordinary Item	\$1.24	20¢
Cash Flow per Share:**†		
Before Extraordinary Item	\$2.51	89¢
After Extraordinary Item	\$2.39	68¢

†Including current portion of Deferred Income Taxes.

\*\*Based on 1,702,495 Common Shares outstanding at December 31, 1974.



# Report to Shareholders and Employees

It is satisfying to report that Great West Steel Industries Ltd., achieved record sales and earnings in 1974 despite the unsettled business climate in North America and the problems created by inflation. We are optimistic that 1975 results will reflect a continuation of our growth trend. Our optimism is based on the first three months' operations and the backlog of orders in all divisions and other corporate activities recently concluded which are described later in this report.

## FINANCIAL REVIEW

Net earnings per share were \$1.36, a notable improvement over \$0.31 reported in 1973. After extraordinary items and provision for dilution, these figures are \$1.12 and \$0.20 in 1973 respectively.

The audited consolidated financial statements for the year ended December 31, 1974 show sales of \$64,285,000 up 37 percent from \$46,857,000 in 1973. Of greater significance is the fact that net earnings for the year amounted to \$2,105,000 compared with \$345,000 in 1973 after allowing for extraordinary items of \$203,000 and \$188,000 respectively. These net earnings represent a 3.3 percent return on sales and a 27 percent return on average shareholders' equity.

## THE YEAR IN REVIEW

The excellent results achieved in our tenth year of operations are reflected in key areas of the balance sheet. Liquidity has been strengthened by an increase in working capital and a reduction in long term debt. Shareholders' equity also increased substantially and for the first time since 1970 exceeds the Company's long term debt obligations.



K. G. HEFFEL, *Chairman and President*

Sales volume which has more than doubled since 1972 accounts for the continuing increase in accounts receivable and inventories. However, a significant proportion of the steel inventory will be sold early in 1975 under an agreement with GWS Krupp Industries Ltd.

Capital expenditures during the year were kept to a minimum and cash flow was further improved by increases in deferred income taxes and depreciation.

The higher profitability in 1974 was largely attributable to improvements in steel operations. Sales increases were accompanied by higher gross and net margins, the result of better price levels, greater efficiency and a strong marketing effort.

The Toronto operations maintained the upward trend experienced in the last half of 1973 and their productivity and profit performance were largely a result of the move into the modern facility in June 1973.

The commendable results of the New Westminster, Edmonton, Calgary and Saskatoon plants are a

reflection of the dynamics of the western provinces where future growth prospects have seldom been better.

Atlas Construction and Crane Service, whose principal activity consists of leasing mobile cranes to large industrial and commercial construction projects, continues to make an excellent profit and a significant contribution to cash flow.

Despite the accomplishments of the company as a whole, several profit centres did not realize their potential. As indicated in last year's report the joist operation in Fontana, California worked to a predetermined plan of manageable sales activity. We followed a strategy of building an organization of people with sound depth, maturity and capability together with efficient fixed plant facilities. Actual 1974 results were consistent with the plan. This division is now in a position to take advantage of the vast market for roof and floor systems in California and is expected to make a more meaningful contribution to future earnings.

The exposure of the Birtley companies to inflation in various foreign countries eroded profit margins on several large contracts. The escalation formulae included therein were not sufficient to cover actual inflation. Management has rectified this situation and existing backlogs have been booked with adequate escalation provisions to protect the company against further erosion of profit margins.

The current focus on energy has revived world interest in coal properties with the result that Birtley's order backlog is at a record level and significant profits should be forthcoming in 1975 and in subsequent



years. The prospects for Birtley are further enhanced as the result of the recently concluded agreement in principle with Shell Petroleum Company Limited.

### OBJECTIVES

On a trend line basis over a five year period we have established the following objectives:

- a 15 percent compounded sales growth;
- a 20 percent growth in annual net earnings;
- an improving rate of return on sales to a target of 5 percent per annum;
- and a return on average shareholders' equity over the period of 15 percent.

These growth objectives are established within a management philosophy of directing all corporate resources to the development, production and supply of highly engineered products or services related to the construction and natural resource industries with emphasis on products or services of a proprietary nature.

### TECHNOLOGICAL PROGRESS

Following a public awareness late in 1973 of the critical energy supply situation, coal has emerged prominently as an integral part of the solution to the energy problem. We accelerated activity in this field and contributed to the economic development of coal-based energy systems through technological improvements in fine coal recovery. One of our engineering papers, "Yield Optimization in Coal Process Plant Economics", highlights new technological thinking in the industry.

Technological progress is also evi-

denced at our Taskmaster Division where the development of JOISYS is presently providing excellent service and substantial cost savings to the company's joist manufacturing operations. JOISYS is a computer-aided design, detailing and production control system. Computerized shop detail drawings and production control systems are prepared automatically as a by-product of the joist design resulting in substantial engineering and drafting labor savings.

### GWS KRUPP INDUSTRIES LTD.

On December 10, 1974 the formation of GWS Krupp Industries Ltd., was announced subject to approval of the Foreign Investment Review Agency and the formality of legal documentation. Approval is pending and completion is expected before the end of May 1975.

GWS Krupp Industries Ltd. will continue the existing Edmonton steel operations and add new complementary products, specifically bucket-wheel excavators, bucketwheel reclaimers, stackers and conveyors. These are extensively required for the extraction of coal and oil sands and the mining of minerals.

Our partner is Fried. Krupp GmbH, Krupp Industrie - und Stahlbau of Rheinhausen, Federal Republic of Germany. They are world renowned for their expertise in all aspects of the international steel industry. Their technological proficiency and management ability should contribute significantly to the further development and growth of our Company.

### GWS AND SHELL LIMITED

On March 24, 1975, Great West Steel Industries Ltd., and Shell Petroleum Company Limited of London,

England announced agreement in principle, subject to approval by governmental and regulatory agencies and the Boards of Directors of both companies, to form a jointly owned company, GWS and Shell Limited, for the purpose of assessing, designing and developing coal-based energy projects.

The jointly owned company will acquire from Great West Steel Industries Ltd. all of the outstanding shares of Birtley Engineering Limited, England, a long established leader in the field of coal design engineering, bulk materials handling and sampling.

Birtley Engineering (Canada) Ltd. and Birtley Engineering Inc. will remain as wholly owned subsidiaries of GWS but all the Birtley companies will be joined by service agreements to effect an organization working as one, and to ensure that existing patents, licences, proprietary processes and technological innovations continue to be available to all. Shell Petroleum will contribute significantly to the joint company by providing access to their knowledge and expertise in the fields of coal gasification, slurry pipelining, coal liquefaction and pellet agglomeration and separation. Shell Petroleum also owns large coal reserves around the world and should be in a position to provide the Birtley companies with a market for their services for many years.

### THE YEAR AHEAD

Our plan for 1975 continues to emphasize further strengthening of the financial position of the Company coincident with an objective to direct significant corporate resources to the expansion of the engineering



services segment of the Company. The immediate priority in resource engineering is the development of processes and process equipment to improve recoveries of coal in these times of energy conservation. The application of new chemical systems should produce a shift away from more expensive conventional coal equipment to a combination of less expensive equipment and consumable chemicals to optimize the economics of the coal recovery process.

Results to date in 1975 indicate that the year as a whole should produce an increase in sales volume and an improvement in gross and net profit margins. We anticipate that all operations with the exception of I.B.T. and Wallclad will be profitable. The Company's working capital, inventory and labor positions put it in excellent shape to take advantage of the substantial business opportunities which appear to be readily available.

At December 31, 1974 we had an order backlog of \$50,000,000 - an increase for the fifth consecutive quarter. We anticipate a further build-up of the backlog position as the year progresses on the basis that the demands from the industrial and institutional sectors will continue to exceed the reduction in spending from the commercial and residential sectors. The strength in the industrial sector should result from capital spending on large energy-related projects which in turn would influence expenditures in secondary and service industries. The institutional sector promises to remain strong reflecting government efforts to stimulate the economy especially in the light of increasing unemployment.

## ORGANIZING FOR OPPORTUNITY

Great opportunities exist in various regions of the world for supplying engineering services and highly engineered products to energy related resource industries. Also, the Middle East with its newly acquired currency wealth and objectives of industrialization provides a vast market primarily for engineering services and technological know-how. Coal resources will be developed in greater and greater quantities in the western regions of North America, in South Africa, Indonesia and Australia. Depletion of known oil reserves is a major concern for all the western industrialized world and greater investment is needed for further exploration and development. This will require further engineering innovation and a greater number of engineering people to improve the yield from known reserves, to make new discoveries and to develop new processes.

The completion of agreements with Krupp Industrie - und Stahlbau and Shell Petroleum Company Limited, and the expanding of our existing engineering services capacity will place the Company in an excellent position to sell its highly engineered products and services.

## THIS YEAR'S THEME

This year's annual report focuses on energy and how our Company participates in this field and benefits from it.

This theme is particularly appropriate since it highlights the factors which influenced the original formation of the company. We were convinced that the natural resources of western and northern Canada would provide the catalyst for substantial investment in the region. The energy crisis

helped to accelerate this simple model.

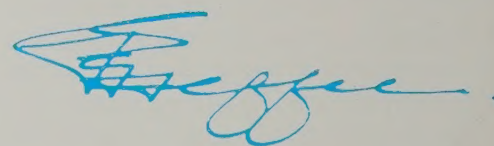
## EMPLOYEE RELATIONS

Management continues to make a sincere effort to effect good employee relations since one ingredient of a company's success is its ability to attract and keep good employees.

During 1974, we continued to provide wage and fringe benefit programs which equal or exceed those offered by other similar companies. Within our policy of providing the most beneficial medical and social benefits available, the Company introduced on April 1, 1974 a group Registered Retirement Savings Plan which included Company contributions for all salaried employees. Improvements were also made in weekly indemnity benefits, disability income benefits and group life insurance.

The results for the year were made possible by the loyal support and effort of our employees at all levels. As we grow and mature as a company, this loyalty and effort continues to provide great satisfaction. Size and decentralized regional operations are not interfering with this rapport. To all our employees, we extend our sincere appreciation.

On behalf of the Board of Directors,



K. G. HEFFEL,  
*Chairman and President.*

Vancouver, B.C.  
March 31, 1975



*"This year's annual report focuses on energy and how our Company participates in this field and benefits from it. This theme is particularly appropriate since it highlights the factors which influenced the original formation of the Company."*

*Kenneth G. Heffel, President*

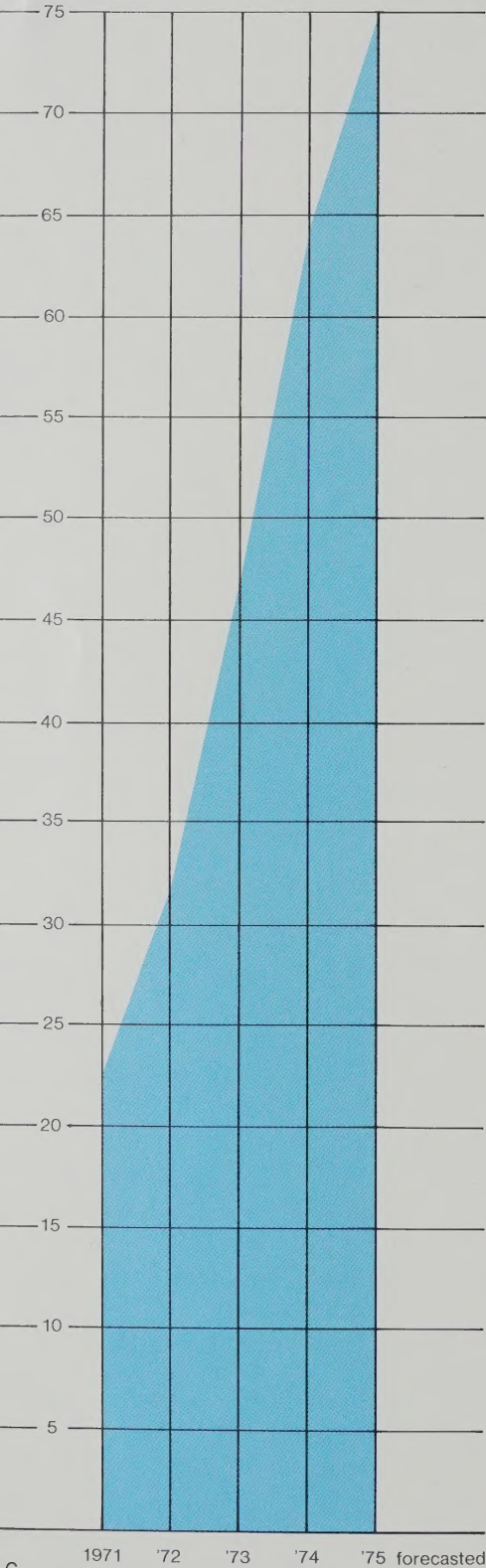




Results in Graphs

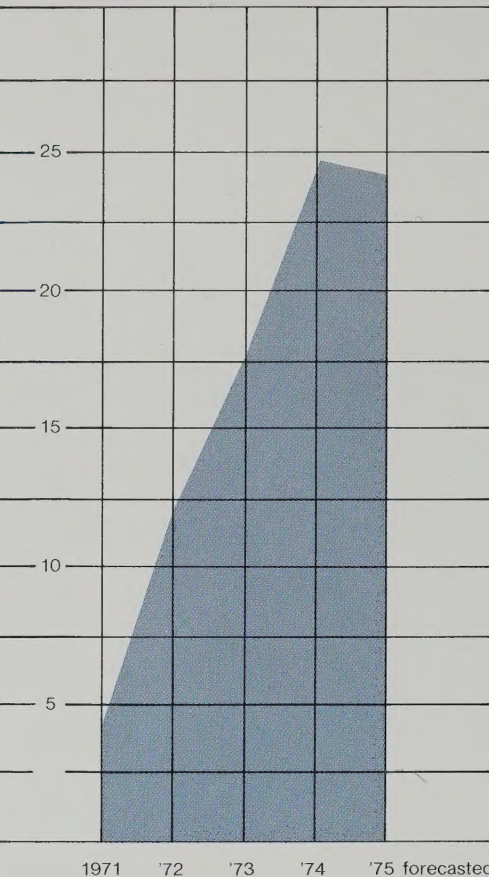
TOTAL SALES VOLUME

millions of dollars



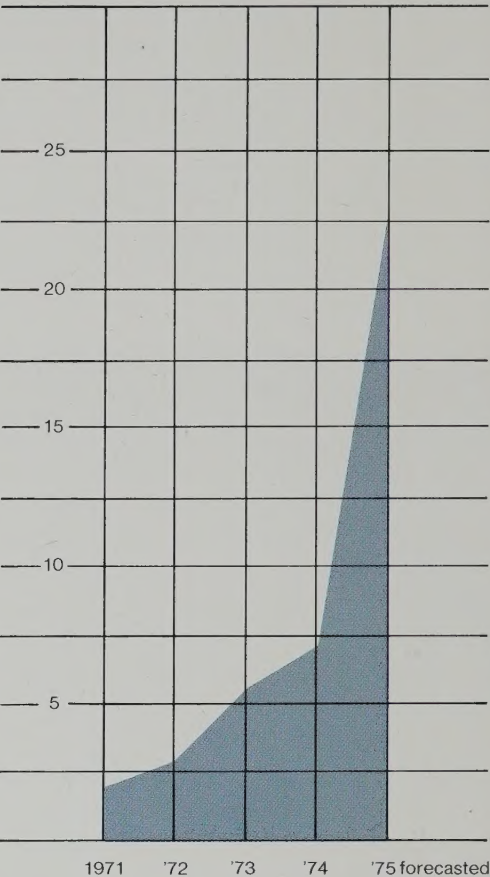
SALES VOLUME JOISTS

millions of dollars



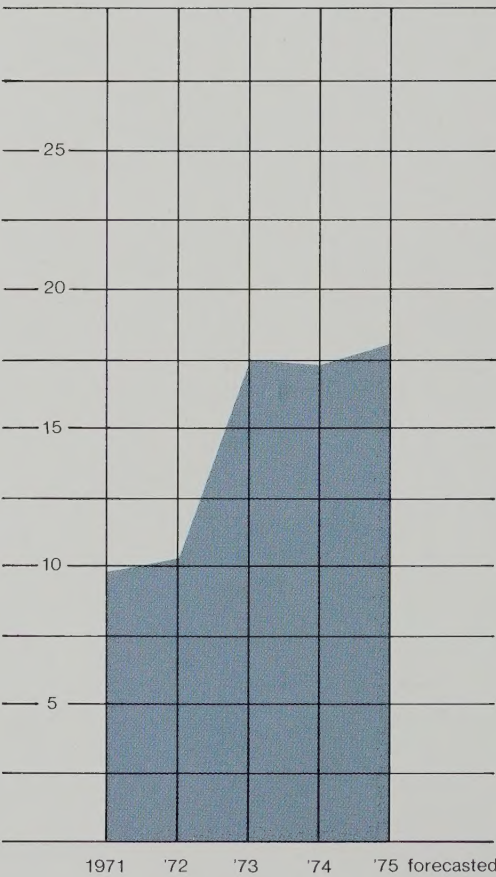
SALES VOLUME RESOURCE ENGINEERING

millions of dollars



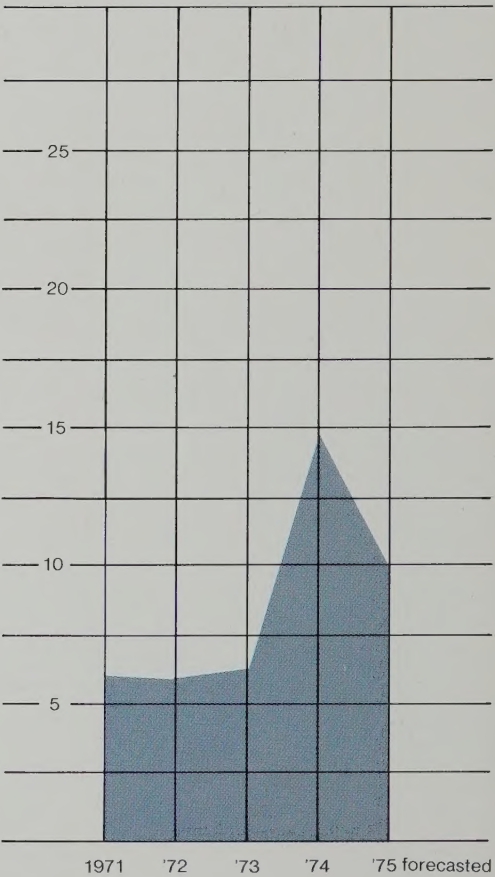
SALES VOLUME STEEL

millions of dollars



SALES VOLUME CONSTRUCTION

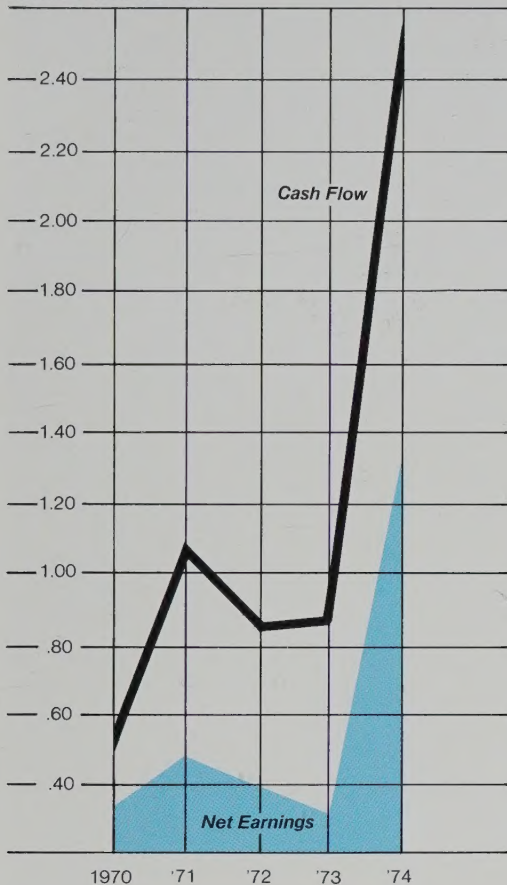
millions of dollars





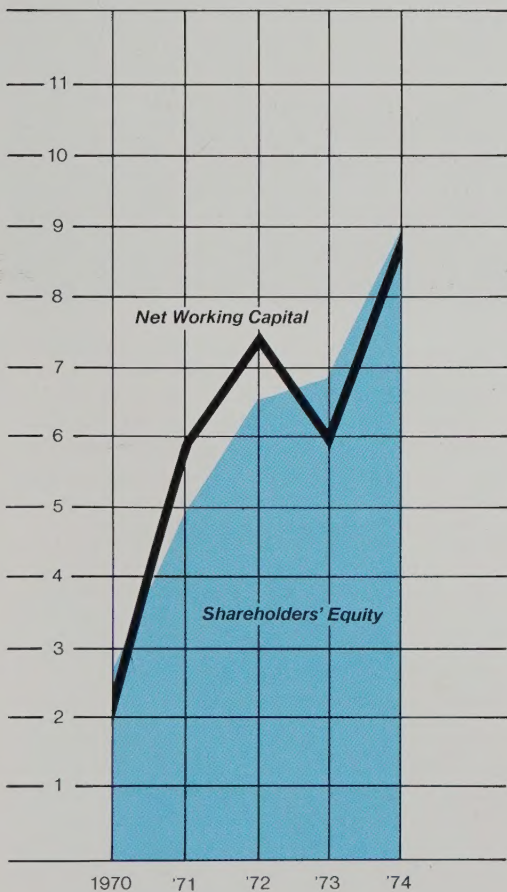
## NET EARNINGS/CASH FLOW PER SHARE

before extraordinary item  
dollars and cents

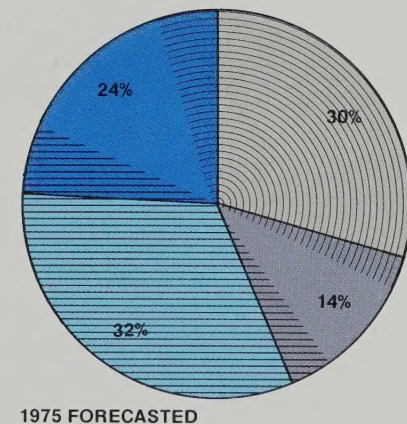
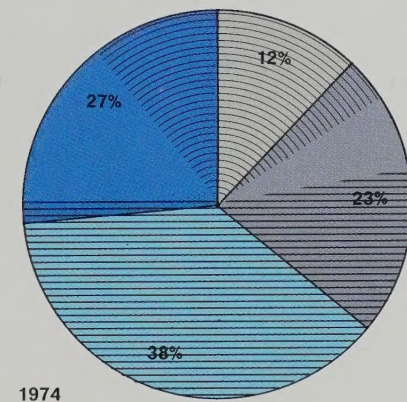
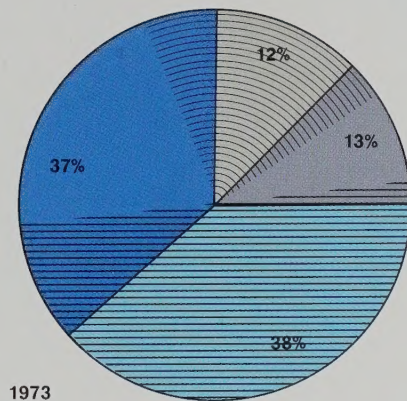
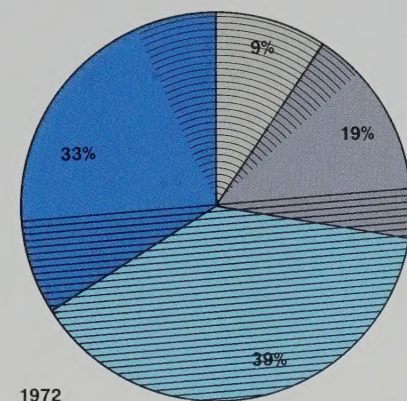


## NET WORKING CAPITAL/ SHAREHOLDERS' EQUITY

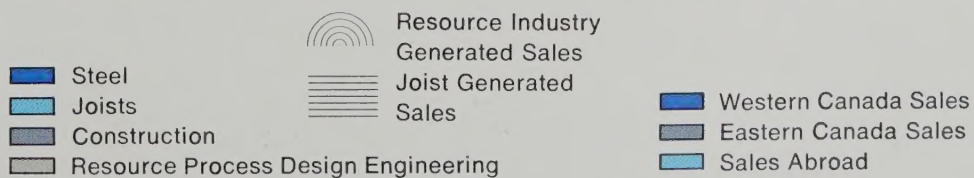
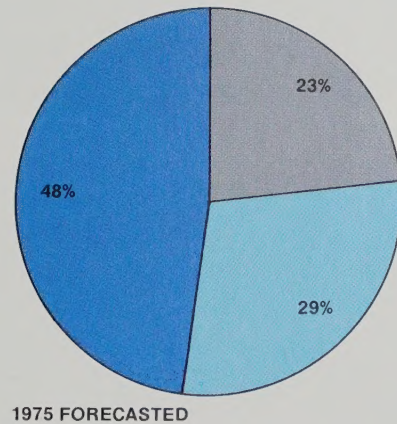
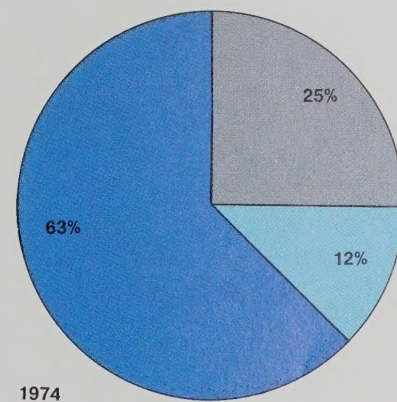
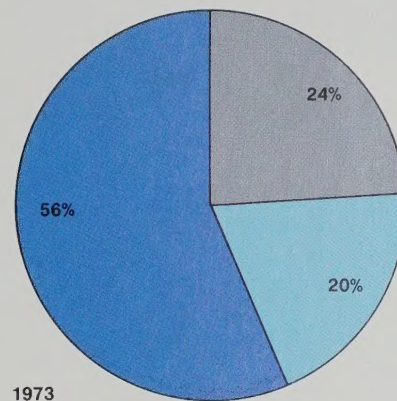
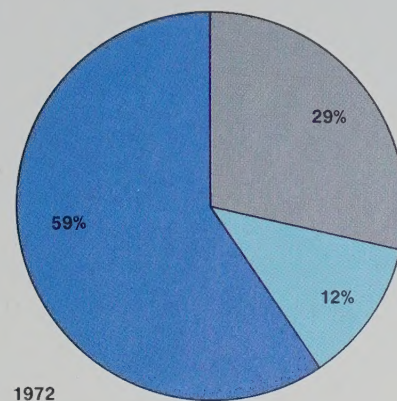
millions of dollars



## SALES PRODUCT MIX



## MARKET







GWS Krupp manufactures bucketwheel excavators, stackers, reclaimers and conveyor systems used for the removal of overburden, extraction of oil sands, coal or mineral-rich substrata and the replacement of overburden in order to leave the land suitable for use by future generations.

Left: Bucketwheel stackers and reclaimers are also used in the stockpiling and reclaiming of bulk materials at ore terminals, coal mines and power stations.

Krupp photo.



The increased world-wide activity in the search for new and improved energy sources brought about by the recent energy crisis has been dramatic. Great West Steel Industries Ltd., and its subsidiary companies, are involved in these world-wide research and development programs, including engineering and construction for the oil and gas industries, research and development related to coal and mineral extraction, and the processing of thermal and coking coals. Our program includes the design and manufacture of mining, handling and processing equipment such as excavators, stackers, reclaimers and conveyor systems - machinery which is essential to the resource and energy industry. GWS programs also include the search for improved coal preparation and utilization and the technology required to put previously unusable low grade coal into production.

In addition, the design, engineering and erection of materials handling systems for power stations and the development of bulk handling terminals and coal mines are part of the resource development program conducted by GWS.

### GWS KRUPP INDUSTRIES LTD.

The Edmonton Plant of GWS, now owned by GWS Krupp Industries Ltd: has been extensively involved in major refinery, fertilizer and heavy industry expansions, including extensive work in the manufacture of equipment and heavy steel structures for tar sands development. The Edmonton plant also manufactures and installs open web steel joists and structural steel for commercial and institutional projects.

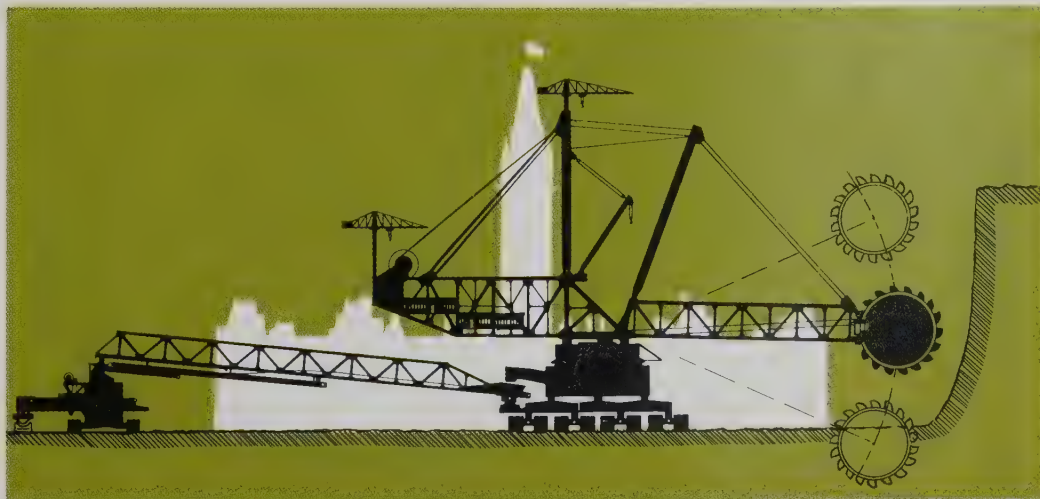
One of the methods used in excavating tar sands for the recovery of oil is the bucketwheel excavator, which has a capacity ranging from 15,000 tons per day to over 300,000 tons per day. A large size bucketwheel excavator would stand as tall as the Parliament Buildings in Ottawa and be considerably longer. GWS Krupp will use the facilities of the Edmonton plant for the manufacture and assembly and its field crews for on-site erection of these gigantic machines. In order to accommodate the considerable volume of heavy structural steel required, GWS Krupp intend to substantially increase the size of the Edmonton plant, and the

Company will also be taking on extra staff to deal with the extra business expected.

The bucketwheel excavator utilizes a large diameter wheel equipped with up to 30 buckets. Each bucket scoops up several cubic yards of material and deposits it onto a conveyor where it is carried to the processing area. Bucketwheel excavators can be used to remove the overburden, stockpile it, remove the mineral substrata and then replace the original overburden. Bucketwheels are also used in the stockpiling and reclaiming of bulk materials at ore terminals, coal mines and power stations.

In addition to the tar sands projects, the emergence of coal as a prominent resource mineral probably offers the best long-term prospects for bucketwheels. Western Canada is particularly rich in coal deposits and with the increase in world demand, coupled with an improved selling price, the market for bucketwheel excavators, stackers, reclaimers and sophisticated conveying systems appears to be very promising.

*Bucketwheel excavators come in many sizes. A large unit of approximately 300,000 ton capacity per day would stand as tall as the Parliament Buildings in Ottawa and be considerably longer.*







Above: Birtley-designed froth flotation systems maximize the recovery of coal fines.

Left: Birtley Engineering enjoys a worldwide reputation in the coal processing and handling field.

Far Left: Birtley-designed unit train coal loading facility.



### GWS AND SHELL LIMITED

The jointly owned company, GWS and Shell Limited, which in turn will own Birtley Engineering Ltd., U.K., will assess, design and develop major coal-based energy projects owned by Shell or other companies on a world-wide basis. Shell Petroleum has been acquiring world-wide coal reserves for a number of years.

Shell has considerable expertise in chemical processing, and this has now been applied to coal preparation operations. The results have produced significant improvements in coal gasification, slurry pipelining, coal liquefaction and pellet agglomeration and separation.

Birtley Engineering is completely self-sufficient in terms of process and materials handling engineering. The Company enjoys an excellent world-wide reputation in the coal processing field. The combination of Shell Petroleum expertise and the Birtley philosophy of yield optimization will provide an integrated service of coal exploration, mining, processing and utilization, which will enable the new company to develop the maximum potential from existing and new coal mines.

### ENGINEERING - COAL PREPARATION

Several factors have caused Birtley Engineering Ltd., U.K. to experience an upturn in demand for the company's major product — coal processing plants. One of these factors is the reactivation of the coal industry in England which stemmed from oil price increases late in 1973 and early 1974. This, combined with the policy of expanding non-cyclical

activities such as spares, servicing and dayworks, has enabled Birtley to produce a considerable increase in its volume of business.

One of the major contracts completed this year was the coal wash plant at Fryston. Preliminary tests indicate an excellent degree of process efficiency and the client is extremely satisfied with the manner of execution of this project. Several other froth flotation projects have also been brought to a successful conclusion.

One of the many orders taken in 1974 was for the \$11.8 million Thurcroft Colliery Coal Preparation plant, of which \$2.5 million has been authorized for immediate expenditure. During the year the Sheffield Refuse Plant was completed with the result that previously unusable waste materials are now being converted into heat to provide a hot water central heating system for 2,300 homes.

Work has commenced on an addition to the coal stocking facility at the Fiddlers Ferry Power Generating Station, for which Birtley had previously designed, engineered and installed a 3,000 tons per hour materials handling system, including unitrain unloading, bucketwheel stacker-reclaimer and an automatic sampler. Modifications to the Immingham Coal and Ore Terminal were also undertaken.

Automatic sampling of bulk materials is another Birtley specialty. A major plant at Cementos Tolteca in Mexico has been successfully commissioned. This division significantly increased its orders for automatic sampling equipment and numerous enquiries have been received from the U.K.; Scandinavia, Spain, Belgium, France and Australia.

The volume of consultancy work in the U.K. and abroad has increased substantially. Conceptual design and preparation of bidding documents was carried out for the National Coal Board, as well as conceptual design for major extensions to the Immingham Coal and Iron Ore Shipping Terminal. A three year contract was signed with the Societe Nationale de Construction Metalliques (SNM) of Algeria for the provision of technical assistance in designing and engineering the minerals handling facility of the new El Hadjar, Algeria steel mill of the Societe Nationale de Siderurgie (SNS). Total sales value of this contract over the three year period is \$2.4 million.

In the U.S.A., Birtley Engineering Inc. has focused its attention on consulting and engineering design work, rather than on equipment manufacture and sales. The Company has been expanded to provide specific civil, structural and mechanical design capabilities in areas of materials handling, sampling and coal preparation. Birtley offers total package management, which includes feasibility studies, sample testing, plant design, coal stocking systems and transportation. Plant design is governed by coal washability, high ash content and emission control, and takes into consideration protection of the environment.

The exception to the general rule of focussing on the engineering design aspects of the mineral resource industry is in the development of coal fines treatment equipment. Birtley designs and manufactures complete froth flotation systems or converts existing facilities and orders have been taken for froth flotation conversion work utilizing the licensed Birtley-Humboldt system.





Above: Coal handling facilities for power plants are another specialty.

Far Right: As a service to many coal property owners, Birtley's large scale coal wash test plant and laboratory at Calgary tests, analyses and evaluates drill core and bulk coal samples.

Near Right: Birtley-Bimac products provide increased heat control in the pouring and cooling process of metals and conserve energy by reducing the amount of resmelting required.





Feasibility studies on fossil resin extraction from coals, coal handling, dust control and major plant preparation modifications are currently being conducted by the Company.

Birtley Engineering (Canada) Ltd. has a large scale coal test wash pilot plant in Calgary, which continues to be used for detailed analysis of drill hole and bulk coal samples and the examination, testing and evaluation of coal seams for thermal and metallurgical markets for a number of major companies. Drill hole analyses for proposed major coal gasification projects have also been conducted for a large pipeline company.

Consulting services in coal preparation and materials handling to the coal industry is continuing throughout Canada. Under contract, open pit and underground coal mining studies, including pit design, equipment selection and costing are currently being conducted. Feasibility studies are in progress for an extensive power station coal handling system, as well as investment studies for leading oil companies wishing to invest in the western Canadian coal industry.

### ENGINEERING - CONSUMABLE CHEMICALS

The Birtley Metallurgical and Chemical Division (Bimac), continues its research and development programs into the use of consumable chemical additives for use by the coal, steel, foundry and paint industries.

The use of special consumable chemicals in coal preparation enables a coal producer to improve fine coal cleaning performance. Where fine coal was previously considered valueless, it is now forming an in-

tegral part of coal blends in many industrial applications. Recent improvements in coal preparation technology is resulting in greater conservation of existing coal reserves through improved utilization.

In the steel and foundry industries consumable chemicals are used to conserve energy. These chemicals, mostly by-products of the aluminum and steel smelting process, are used in the manufacture of "hot top powders", insulating boards and the control of carbon distribution in steel. They provide increased heat control

in the pouring and cooling process of ingots. Metal contracts as it cools — the areas with the most exposure to the air cool quickest. In order to create an even rate of cooling, and therefore even contraction of the ingot, chemicals known as "hot top powders" are dropped onto the surface, while chemically treated boards are placed around the ingot to control the heat transfer. This improved, controlled cooling process reduces the number of bad pours, reduces the amount of re-smelting required and conserves energy.

*Birtley designs modern refuse plants which convert garbage into power and heat. During the year the Sheffield refuse plant was completed, similar in design to the plant shown below. It now provides a hot water central heating system for 2,300 homes.*



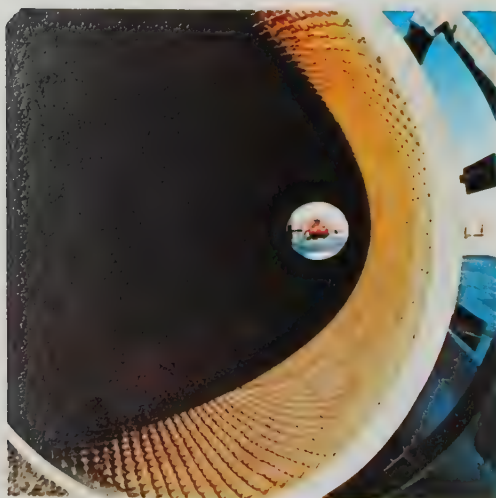




Above: Our Edmonton facilities supplied and erected fabricated steel for the Battle River generating station of the Alberta Power Company at Forestburg, Alberta.

Left: A heater under construction for Dow Chemicals' Alberta plant.

Right: Main engineering offices of the Resource Engineering Division.





### MANUFACTURING PROJECTS

The manufacturing divisions of Great West Steel Industries Ltd. design, engineer, manufacture, and erect all types of steel work for energy related industries.

Our Toronto division supplied steel for an ethylene plant in Sarnia and an oil refinery expansion in Oakville.

Edmonton, under a \$2 million contract, supplied fabricated steel for the power station at Battle River for the Alberta Power Company and a \$1.2 million heater installation to Foster Wheeler for use by Dow Chemicals in Alberta.

The Calgary operation has completed contracts which include a \$1.1 million urea plant in Medicine Hat, a \$2 million heater installation for Canadian Fertilizer Industries Ltd. and a fertilizer plant for Cominco valued at \$1.25 million.

The New Westminster operation was successful in obtaining orders in Canada and abroad for structural fabrication related to oil and gas development, and has also received contracts for fabricated dam gates. A \$2.5 million contract for the Alaska oil field development included structural steel for maintenance garage buildings, oil pumping stations and five personnel living and recreation units measuring 60 feet wide, 240 feet long and 30 feet high, weighing 1,000 tons each.

These units will be completely assembled at Seattle ready for occupancy, then moved onto barges and taken to Prudhoe Bay, Alaska. At Prudhoe Bay the units will be transported by crawler tractor to the site where they will be inter-connected to provide a totally enclosed environment for the workers. The units include a recreation center complete



*GWS bulk materials handling know-how is utilized to design a wide variety of industrial plants ranging from parcel sorting equipment and conveyors at the Mississauga, Ontario Regional Post Office, the supply of conveyors and structures at the Exshaw, Alberta cement plant to the gravel crushing and screening facilities for the Linhay, U.K. quarry (above).*

with gymnasium, running track and a theatre.

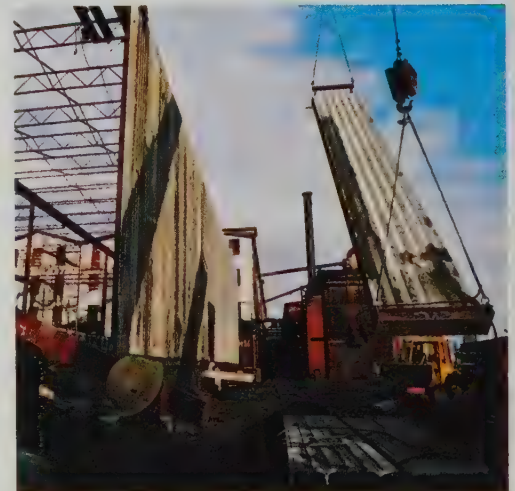
GWS also manufacture and install, under licence, heat exchangers for use in oil refineries, pulp mills, chemical and natural gas processing plants.





Above: GWS Toronto supplied the scaffold framing and jack frames for the construction of the Velodrome roof at the Montreal 1976 Olympic site.

Right: Dycore extruded hollow prestressed concrete slabs manufactured by Wallclad are used in conjunction with the GWS lightweight joist and column framework. Dycore panels are used as floors or walls (far right).





Great West Steel Industries Ltd. continues to design, engineer, manufacture, erect and install open web steel joists and structural steel for the construction industry throughout North America. The Company's leading position in Canada's steel joist fabrication industry was maintained and strengthened in 1974 despite difficulties caused by shortages of steel.

Although a general mood of recession and depression pervades North America, the value of construction projects undertaken by GWS continues to increase, and projections for the next 12 months are very promising.

### ENGINEERING

Great West Steel Industries Ltd. provides complete engineering services at each of its locations. The engineering department at head office is responsible for overall performance at branch levels, as well as providing assistance for special problems, disseminating technical information, producing company standards and correlating research and development.

During 1974 Wallclad engineers developed and successfully introduced to the market a new line of hollow precast, prestressed concrete slabs — Dycore slabs — which are manufactured by an extrusion steam-cured process.

These slabs are used in conjunction with the GWS light-weight truss, joist and column framework. The advantage of being able to obtain the structural framework of a building and the floor and wall panels from one source gave the Company increased market penetration into the commercial, industrial and institutional construction fields.

The Dycore slab has been incorporated into several major package design buildings in southern British Columbia. This division has also developed and successfully installed a textured, extruded wall panel, offering excellent potential in the tilt-up precast wall panel market presently serviced by "wet-cast" precast products.

### COMPUTER-AIDED DESIGN

1974 saw all locations of Great West Steel Industries Ltd. and its subsidiaries linked by terminals to the Taskmaster division in Edmonton, which, in co-operation with the steel division and engineering staffs, has developed computer programs for the design, detail and production control of open web steel joists.

Computer-aided design (C.A.D.) has helped give our customers better deliveries and at the same time has increased efficiency in design and processes in all our locations.

The Taskmaster system also has the ability to present several alternatives to a basic building design, and can re-draw a design detail in seconds — a task which would normally take a skilled draftsman several hours. The main benefit to be derived from the Taskmaster system is the releasing of valuable personnel from mechanical work to conceptual, best-choice and optimization of alternative methods of construction. To date the system is designed to produce drawings for flat-roofed, single storey commercial, industrial and institutional steel structures.

*Taskmaster, the company's C.A.D. Division, uses high speed plotters to produce steel detail drawings for shop manufacture.*







Left: The Edmonton plant fabricated and supplied the steel frame for the Century Place highrise.

Below: Atlas Construction and Crane Service had a successful year. One of their heavy duty crawler units is shown installing concrete tilt-up slabs.

Bottom Left and Bottom Right: Industrial steel work fabrication is a major activity in the Edmonton Plant.





Further developments from Taskmaster in 1975 will allow the completely computerized design, detail and production control of most steel structures. This is particularly relevant at a time when experienced engineers, draftsmen and production personnel are scarce.

During 1974 Taskmaster liaised with several interested groups in Europe, and supplied two people to the four member Canadian delegation at the recent international C.A.D. conference in Vienna, at which the 16 member countries of the International Institute for Applied System Analysis were in attendance. The international marketing of C.A.D. systems based on Taskmaster should receive considerable attention during 1975.

During the year GWS engineers have been very active on the Steel Joists, Research and Development and Resistance Welding committees of the Canadian Institute of Steel Construction.

### CRANE SERVICE

Atlas Construction and Crane Service Division increased its administrative, engineering and productive strengths to accommodate the significant growth experienced in 1974. The addition of eight new mobile hydraulic cranes in the 20 to 50 ton range plus an additional 100 ton mobile crane will help Atlas to maintain its strong position in the crane leasing and steel erection markets in western and northern Canada.

*GWS continues to concentrate on providing an engineered package design in joists and structural steel for commercial, industrial and institutional buildings.*

### MANUFACTURING - PROJECTS

The company's engineered package design approach to construction has been very successful and has resulted in Great West Steel Industries Ltd. obtaining several large orders, including a 460,000 sq. ft. Seaway storage warehouse in Malton, Ontario for Molson Industries, a 120,000 sq. ft. warehouse for the T. Eaton Company in Hamilton, Ontario, and a 250,000 sq. ft. warehouse for Simpsons-Sears in Winnipeg. The largest project of this type

was the General Motors 1,000,000 square foot parts warehouse in Woodstock, Ontario. These projects were part of over 3½ million square feet of engineered packages contracted by the Toronto division, which is the major supplier of steel joists to the construction industry in Ontario.

The sales office in Montreal was successful in obtaining the largest single steel contract for the construction of the 1976 Olympic site in Montreal.







*Open web steel joist manufacture (below), and joist supply and erection (left) account for approximately one-third of the company's activities. Joists are a successful substitute for concrete and structural steel in roof and floor systems.*





The extended Saskatoon facilities doubled their sales of steel joists to institutional and commercial projects over 1973. The major projects completed were the Unicity Fashion Square in Winnipeg for \$1.5 million and a school in Regina, Saskatchewan for a similar amount.

The Edmonton plant, now operating with all joist and structural fabrication facilities in a single location, performed very well in a strong commercial and institutional construction market. Two typical projects completed by Edmonton were a steel highrise frame for Century Place and the \$2 million Kingsway Mall shopping centre, both in Edmonton.

The Calgary division, continuing to work at capacity, increased its 1974 volume over 1973. Significant projects were two alterations and extensions to the Calgary courthouse and the supply of conveyors and structures for Link Belt at Exshaw, Alberta.

New Westminster continues to concentrate on providing an engineered package design in joists and structural steel for commercial and institutional markets. GWS package design provides a client with a building specifically suited to his requirements. The package includes the structural design, engineering, manufacture and erection of an open web steel joist building complete with the necessary support structures, roof, walls and floors. The use of Dycore hollow precast prestressed concrete slabs for floors and as tilt-up wall panels are part of the total package design. The New Westminster plant also made significant sales in foundation bearing piles, as well as platework for hoppers and dam gates.

The Seattle sales office of Great West Steel Industries Inc. continued its excellent service to clients in the Pacific northwest states and Alaska, resulting in a much higher backlog entering 1975.

Package building and engineered design submissions from this office provide a strong back-up for the Fontana, California fabricating division of GWS Inc.

The Fontana plant, from being essentially a joist and truss manufacturing facility has added structural steel fabrication to its capabilities, and now offers an engineered package design approach. This division has completed a satisfactory full year of operation entering 1975 with a much stronger backlog position. Expansion of staff and aggressive marketing of the type proven successful in setting up both the New Westminster and Toronto locations of the company are expected to maintain the growth of the Fontana location in the vast construction market of the western U.S.A.

### QUARRY TILES AND REFRACTORY BRICKS

The innovative use of fly ash in the manufacture of ceramic tile continues at the International Brick and Tile plant in Edmonton. The company's research and development group was very active during 1974 both in fly ash research and investigating clays from Alberta deposits. Several colours of glazed tile were successfully developed and work proceeded on a fast-firing red-brown unglazed quarry tile. Investigations will continue into the refractories potential of plastic clays from the spoils of an Alberta coal mine. Using these clays IBT is presently manufacturing insulating brick for its own use as decking for kiln cars used in the firing of tile, replacing previously imported refractory bricks. In co-operation with a major Canadian steel company, research is continuing in developing Alberta made refractory ladle bricks to replace imports.

*During the year I.B.T. perfected its manufacture of flyash based quarry tiles and glazed tile of several colours.*





## Consolidated Statement of Earnings and Retained Earnings

FOR THE YEAR ENDED DECEMBER 31, 1974

	1974 \$	1973 \$
SALES	64,285,463	46,856,915
EARNINGS FROM OPERATIONS BEFORE DEDUCTING THE FOLLOWING CHARGES	7,758,222	2,769,466
Depreciation and Amortization	924,863	425,464
Interest on Long-Term Debt and Amortization of Debenture Discount	1,009,726	836,084
Other Interest	1,162,458	504,647
	<u>3,097,047</u>	<u>1,766,195</u>
EARNINGS BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	<u>4,661,175</u>	<u>1,003,271</u>
INCOME TAXES		
Current	714,201	( 61,479)
Deferred	1,639,115	531,427
	<u>2,353,316</u>	<u>469,948</u>
NET EARNINGS FOR THE YEAR BEFORE EXTRAORDINARY ITEM (Note 11)	2,307,859	533,323
DEFERRED COSTS WRITTEN OFF (Note 6)	<u>202,659</u>	<u>188,204</u>
NET EARNINGS FOR THE YEAR (Note 11)	<u>2,105,200</u>	<u>345,119</u>
RETAINED EARNINGS - BEGINNING OF YEAR	<u>2,830,451</u>	<u>2,485,332</u>
RETAINED EARNINGS - END OF YEAR	<u>4,935,651</u>	<u>2,830,451</u>



## Consolidated Balance Sheet

AS AT DECEMBER 31, 1974

### ASSETS

PRO FORMA

Note 1  
\$1974  
\$1973  
\$

### CURRENT ASSETS

Cash	4,000,000		
Accounts Receivable (Note 9)	15,655,429	15,655,429	13,083,286
Inventories (Notes 3 & 9)	10,840,294	15,866,979	9,200,328
Prepaid Expenses	392,235	392,235	149,850
Account Receivable from GWS Krupp Industries Ltd.	2,526,685	—	—
	<u>33,414,643</u>	<u>31,914,643</u>	<u>22,433,464</u>

### INVESTMENT IN GWS KRUPP INDUSTRIES LTD.

921,535

—

—

### EXPLORATION, TESTING & DEVELOPMENT COSTS

ON COAL PROPERTIES (Note 4)	310,916	310,916	215,805
FIXED ASSETS (Notes 5 & 9)	9,176,713	11,019,783	10,891,322
DEFERRED COSTS (Note 6)	1,017,664	1,017,664	1,189,526
UNAMORTIZED DEBENTURE DISCOUNT AND EXPENSES	295,956	295,956	324,171
	<u>45,137,427</u>	<u>44,558,962</u>	<u>35,054,288</u>

### LIABILITIES

#### CURRENT LIABILITIES

Bank Advances - Secured (Note 7)	11,487,896	11,487,896	7,547,348
Accounts Payable and Accrued Liabilities	9,992,683	9,992,683	7,871,558
Income and Other Taxes Payable	739,641	717,641	7,721
Current Portion of Long-Term Debt	855,563	855,563	1,073,137
Current Liabilities Exclusive of Deferred Income Taxes	23,075,783	23,053,783	16,499,764
Deferred Income Taxes (Note 8)	2,378,499	2,378,499	1,485,268
	<u>25,454,282</u>	<u>25,432,282</u>	<u>17,985,032</u>

#### LONG TERM DEBT (Note 9)

8,551,330

8,551,330

9,296,011

#### DEFERRED INCOME TAXES (Note 8)

1,328,593

1,613,715

867,831

#### MINORITY INTEREST (Note 6)

—

—

48,979

35,334,20535,597,32728,197,853

### SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 10)	4,025,984	4,025,984	4,025,984
RETAINED EARNINGS	5,777,238	4,935,651	2,830,451
	<u>9,803,222</u>	<u>8,961,635</u>	<u>6,856,435</u>
Signed on behalf of the Board	<u>45,137,427</u>	<u>44,558,962</u>	<u>35,054,288</u>


 Director


 Director



**Consolidated Statement of Changes in Financial Position**

FOR THE YEAR ENDED DECEMBER 31, 1974

SOURCE	1974 \$	1973 \$
Current Operations	4,067,045	1,170,477
Long-Term Debt	428,682	1,068,531
Proceeds from Sale of Fixed Assets	99,897	938,077
	<u>4,595,624</u>	<u>3,177,085</u>
USE		
Fixed Asset Additions	1,041,046	2,702,839
Deferred Costs	252,175	979,438
Long-Term Debt Retired	1,173,363	895,000
Exploration, Testing and Development Costs on Coal Properties	95,111	123,378
	<u>2,561,695</u>	<u>4,700,655</u>
INCREASE (DECREASE) IN WORKING CAPITAL	2,033,929	(1,523,570)
WORKING CAPITAL - BEGINNING OF YEAR	<u>4,448,432</u>	<u>5,972,002</u>
WORKING CAPITAL - END OF YEAR	<u><u>6,482,361</u></u>	<u><u>4,448,432</u></u>
WORKING CAPITAL EXCLUDING DEFERRED INCOME TAXES RELATING TO CURRENT ASSETS		
BEGINNING OF YEAR	5,933,700	7,284,888
INCREASE (DECREASE) IN WORKING CAPITAL	2,033,929	(1,523,570)
INCREASE IN DEFERRED INCOME TAXES RELATING TO CURRENT ASSETS	<u>893,231</u>	<u>172,382</u>
END OF YEAR	<u><u>8,860,860</u></u>	<u><u>5,933,700</u></u>



Notes to Consolidated Financial Statements FOR THE YEAR ENDED DECEMBER 31, 1974

1. PRO-FORMA BALANCE SHEET

The pro-forma balance sheet gives effect as at December 31, 1974 to an agreement dated October 16, 1974, between the Company and Fried. Krupp GmbH, Krupp Industrie-und Stahlbau. Pursuant to this agreement, which is subject to approval under the Foreign Investment Review Act for which application has been made, the Company has agreed to sell to GWS Krupp Industries Ltd. (G.W.S.-K) effective January 1, 1975, the fixed assets, inventory of raw steel and work-in-progress of its Edmonton Plant for the following considerations:

a) Fixed Assets	Consideration
Cash of \$1,500,000 and \$1,500,000 no par value class B common shares representing 50% ownership of G.W.S.-K	\$3,000,000
b) Inventory of Raw Steel	
At the Company's landed cost for cash of \$2,500,000 and \$2,214,863 receivable during 1975	\$4,714,863
c) Work - in - Progress	
At the Company's cost to be paid within 90 days in cash	\$ 311,822

The Company has also granted to G.W.S.-K a license to manufacture and sell the Company's joists for a period of five years for a license fee of 3% of the net joist sales values.

During the year ended December 31, 1975 the Company will receive all profits in excess of \$800,000 as defined under the agreement. In addition for the year ending December 31, 1976, the Company shall be entitled to additional profits on joist sales in accordance with a formula stipulated in the agreement.

The investment in G.W.S.-K will be accounted for on an equity basis.

The gain on the sale of fixed assets to G.W.S.-K of \$1,156,930 will be recognized on closing to the extent of 50%, with the balance being recognized over the life of the fixed assets sold. Accordingly, the investment in G.W.S.-K of \$1,500,000 no par value class B common shares is recorded on an equity basis in the amount of \$921,535 in the pro-forma balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES AND PRINCIPLES

(a) The consolidated financial statements include the accounts of all subsidiaries. The principal subsidiaries, wholly-owned except as indicated, are:

- Atlas Construction & Crane Service Ltd.
- Birtley Engineering Limited
- Birtley Engineering (Canada) Ltd.
- Birtley Engineering Inc.
- Great West Steel Industries (Alta) Ltd.
- Great West Steel Industries (Sask) Ltd.
- Great West Steel Industries Inc.
- International Brick & Tile Ltd. (60%)
- Pine Pass Development Ltd.
- Wallclad Products Ltd.
- Wallclad Manufacturing Co. Ltd.



- (b) **Non-Canadian Subsidiaries**  
The accounts of the United Kingdom subsidiary have been translated into Canadian currency at the rate of exchange in effect on December 31, 1974, except that fixed assets have been translated at the rate in effect at the date of acquisition and earnings at the average rate during the year. The accounts of United States subsidiaries have been converted to Canadian currency at par which approximates the rate of exchange prevailing since the dates of incorporation.
- (c) **Recording of Income**  
Profits on contracts are recorded on the basis of the Company's estimates of percentage of completion on individual contracts, commencing when progress reaches a point where experience is sufficient to estimate final results with reasonable accuracy. That portion of the total contract revenue is accrued, which is allocable to contract expenditures incurred and work performed.  
As contracts extend over one or more fiscal years, revisions in costs and profit estimates during the course of the work are reflected in the accounting period when the facts which require the revisions become known.  
At the time a loss on a contract becomes known, the entire amount of the estimated ultimate loss is accrued.
- (d) **Inventory Valuation**  
Raw materials and supplies are stated at the lower of cost and net realizable value. Work-in-progress represents costs and estimated earnings in excess of billings.
- (e) **Depreciation**  
Depreciation is calculated at rates which will reduce the original cost of fixed assets to estimated residual values over the useful life of each asset on a straight line basis. All profits or losses resulting from the disposal of fixed assets are included in earnings when realized and the carrying value of such assets is removed from the accounts.
- (f) **Deferred Costs**  
Research and development, pre-production and start-up costs of major new activities are recorded as deferred costs and are amortized over the lesser of five years from commencement of commercial production or utilization, or the estimated useful life of the activity.
- (g) **Financing Costs**  
Costs of obtaining long-term debt financing are deferred and amortized over the term of the financing.
- (h) **Income Taxes**  
The company accounts for income taxes on the tax allocation basis. Deferred income taxes are recorded when income taxes actually payable in respect of a year are reduced because of differences between the time certain items of revenue and expense are reported in the accounts and the time they are reported for income tax purposes. These timing differences relate primarily to holdbacks receivable, depreciation and deferred costs.  
Potential tax savings resulting from the application of losses against future income are not recognized until it becomes virtually certain that such tax credits will be earned within statutory time limits.
- (i) **Government Grants**  
The Company accounts for government grants it may receive for research and development expenditures (Note 6) on a cash basis.
- (j) **Comparative Figures**  
Where applicable, comparative figures have been re-stated to conform with the presentation used in the current year.

3. INVENTORIES	1974	1973
Raw materials and supplies	\$13,209,910	\$5,813,263
Work-in-progress	2,657,069	3,387,065
	<u>\$15,866,979</u>	<u>\$9,200,328</u>

Raw materials inventory includes a provision for adverse price level changes in raw steel.

#### 4. EXPLORATION, TESTING AND DEVELOPMENT EXPENDITURES ON COAL PROPERTIES

The Company's wholly-owned subsidiary, Pine Pass Development Ltd. holds a 60% interest in 104 coal licences



in western Canada under a farm-out agreement from Pan Ocean Oil Limited. The amount recorded represents exploration, testing and development expenditures to date. The cumulative annual exploration commitment is \$100,000 until 1982 or commencement of commercial production whichever occurs first. The B.C. government requested a temporary suspension of the 1973 and 1974 work commitments. The Company has agreed to complete the commitment, totalling \$180,000, during the 1975 exploration season.

## 5. FIXED ASSETS

	1974		1973	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Buildings	\$ 4,903,449	\$ 621,291	\$ 4,282,158	\$ 4,375,006
Machinery & Equipment	8,491,105	2,307,706	6,183,399	5,962,090
	<u>13,394,554</u>	<u>2,928,997</u>	<u>10,465,557</u>	<u>10,337,096</u>
Land	554,226	—	554,226	554,226
	<u>\$13,948,780</u>	<u>\$ 2,928,997</u>	<u>\$11,019,783</u>	<u>\$10,891,322</u>

## 6. DEFERRED COSTS

	1974	1973
Taskmaster Division	\$ 474,356	\$ 252,412
Computerized engineering data system consisting of computer programming and related software costs to establish and implement the JOISYS design and detailing program, a structural steel detailing system, and future systems related to building construction, to be amortized over five years from commencement of commercial usage. Under an agreement with the Federal Government the Company can receive grants up to \$363,712 for expenditures made during the period June 1, 1974 to July 31, 1977. In addition, the Company has applied for a grant of \$15,410 relating to 1972 expenditures.		
Great West Steel Industries Inc., U.S.A.	543,308	685,476
Establishment of manufacturing and marketing facilities in the western United States, consisting of marketing, preproduction and start-up costs (including depreciation of \$29,353); to be amortized over five years. Amortization commenced when Fontana, California plant reached full commercial production on November 1, 1973.		
International Brick & Tile Ltd. (See below)	—	251,638
Total Deferred Costs, net of accumulated amortization of \$195,172 (1973 — \$22,773) and amounts written off	<u>\$1,017,664</u>	<u>\$1,189,526</u>

During the year the Company wrote off as an extraordinary charge against earnings deferred research and development and start-up costs in the amount of \$202,659 (net of \$48,979 attributable to minority shareholders and government grants received of \$239,569) when it became apparent that significant new research and development was required, casting doubt on the long-term value of the original research and development. The Company has applied for further Government grants totalling \$133,605 relating to the above expenses written off.

## 7. SECURITY FOR BANK ADVANCES

Bank advances are secured under the same instruments as the term bank loans referred to in Note 9 (a).

## 8. DEFERRED INCOME TAXES AND TAX CREDITS

	1974	1973
Deferred Income Taxes show separately the amounts arising principally from:		
Holdbacks receivable and other current timing differences	\$2,378,499	\$1,485,268
Capital Cost Allowances claimed in excess of depreciation recorded in the accounts	<u>1,613,715</u>	<u>867,831</u>
	<u>\$3,992,214</u>	<u>\$2,353,099</u>

The Companies' tax losses applicable to future years and for which no recognition has been given to the potential tax savings are \$1,481,000.



## 9. LONG TERM DEBT

	Original Principal	1974	1973
(a) Term bank loan with interest at 1½ % above U.S. prime bank rate secured by accounts receivable and inventories due March 31, 1976 and subject to further review at that time (repayable U.S. \$1,800,000)	\$ 1,748,880	\$1,748,880	\$ —
Term Bank Loan	—	—	1,800,000
Term bank loans with interest at 2% above prime bank rates secured by accounts receivable, inventories, certain machinery and mortgage debentures on real property aggregating \$2,500,000 repayable by 1977	6,415,039	1,205,008	2,339,824
Term loan with interest at 11½ %, secured by a floating charge on the assets of I.B.T. and by a guarantee by Great West Steel Industries (Alta) Ltd., repayable by December 1, 1984	300,000	299,882	—
Unsecured advances from minority shareholders in International Brick & Tile Ltd.	358,123	358,123	229,324
1972 Series 8½ % Sinking Fund Debentures (See (b) below)	6,000,000	5,795,000	6,000,000
	<u>\$14,822,042</u>	<u>9,406,893</u>	<u>10,369,148</u>
Less: Current Portion		855,563	1,073,137
		<u>\$8,551,330</u>	<u>\$ 9,296,011</u>

(b) Pursuant to a prospectus dated June 15, 1972, the Company issued \$6,000,00 8½ % Sinking Fund Debentures, 1972 Series with share purchase warrants attached, maturing June 15, 1992. The trust indenture provides among other things, the following:

1. At the Company's option, redemption for other than sinking fund purposes of any part of these debentures at a premium of 8% in 1974, decreasing by ½ % per year to 1990.
2. Establishment of a sinking fund sufficient to retire \$3,900,000 aggregate principal during the years 1974 through 1991.
3. A floating charge on all of the Company's properties and assets both present and future as security for these debentures.

Sinking fund payments for the year amounted to \$100,000.

Payments required in the next five years to meet long term debt instalments, including sinking fund payments are:

1975	\$ 855,563
1976	460,954
1977	141,554
1978	174,104
1979	176,955
<b>TOTAL</b>	<u><u>\$1,809,130</u></u>

## 10. CAPITAL STOCK

Authorized — 2,500,000 common shares without nominal or par value with a maximum selling price of \$10.00 per share.

	1974	1973
Issued and fully paid — 1,702,495 shares	<u>\$4,025,984</u>	<u>\$4,025,984</u>

At December 31, 1974, there were outstanding 315,000 common share purchase warrants entitling the holders to purchase common shares at a price of \$8.50 per share on or before June 15, 1977 and thereafter at a price of \$10.00 per share on or before June 15, 1982.



## 11. EARNINGS PER SHARE

	1974	1973
Basic — before extraordinary item	\$1.36	\$0.31
— net earnings for the year	\$1.24	\$0.20
Fully diluted — before extraordinary item	\$1.22	
— net earnings for the year	\$1.12	

Fully diluted earnings per share are based on the exercise of the 315,000 share purchase warrants, assuming the proceeds of the warrants would yield income equal to the average interest rate on the long-term debt of the Company. Included in this calculation are imputed earnings, net of income taxes of \$153,000.

## 12. STATUTORY INFORMATION

Remuneration of directors and senior officers of the Company amounted to \$471,799 (1973 - \$362,940). Selling, general and administrative expenses for the year amounted to \$6,365,872 (1973 - \$4,254,942).

## 13. COMMITMENTS

The Company has entered into lease agreements requiring annual payments of approximately \$300,000 in each of the next five years.

## Auditors' Report

TO THE SHAREHOLDERS OF GREAT WEST STEEL INDUSTRIES LTD.

We have examined the consolidated balance sheet of Great West Steel Industries Ltd. and its subsidiary companies as at December 31, 1974 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.  
February 14, 1975

COOPERS & LYBRAND, *Chartered Accountants*



## Historical Review

*In thousands of dollars except as indicated\**

FINANCIAL POSITION AT YEAR END	1974	1973	1972	1971	1970
Net Working Capital†	\$ 8,861	\$ 5,934	\$ 7,285	\$ 5,952	\$ 2,118
Net Fixed Assets	11,020	10,891	9,679	6,677	2,160
Other Assets	1,624	1,730	728	118	—
Funded Debt	8,551	9,296	9,122	6,084	947
Deferred Income Taxes	3,992	2,353	2,010	1,707	734
Minority Interest	—	49	49	—	—
Shareholders' Equity	8,962	6,857	6,511	4,956	2,597
CAPITAL EXPENDITURES	1,041	2,703	3,407	4,494	605
EMPLOYMENT					
Scientists, Engineers and Technicians*	236	231	224	221	45
Administrators and Clerks*	182	178	163	142	66
Manufacturing and Construction Workers*	1,045	1,022	831	779	482
Total Number of Employees*	1,463	1,431	1,218	1,142	593
Total Payroll and Benefits	19,400	16,220	11,169	7,169	5,161
INCOME AND RELATED DATA					
Sales	64,285	46,857	31,341	22,608	15,742
Earnings from Operations before deducting the following	7,758	2,769	2,307	2,286	1,487
Depreciation and Amortization	925	425	361	298	98
Interest on long-term debt	1,010	836	618	290	149
Other interest	1,162	505	170	184	138
Earnings before Income Taxes	4,661	1,003	1,158	1,514	1,102
Current Income Taxes	714	(61)	98	52	305
Deferred Income Taxes	1,639	531	372	671	231
Earnings for Year	2,308	533	688	791	566
Less: Extraordinary Item	203	188	—	—	—
Net Earnings	2,105	345	688	791	566
Earnings as % of Sales*					
Before Extraordinary Item	3.6%	1.1%	2.2%	3.5%	3.6%
After Extraordinary Item	3.3%	.7%	2.2%	3.5%	3.6%
Earnings per Share:**					
Before Extraordinary Item	\$1.36	31¢	40¢	47¢	33¢
After Extraordinary Item	\$1.24	20¢	40¢	47¢	33¢
Cash Flow per Share**†					
Before Extraordinary Item	\$2.51	89¢	84¢	\$1.04	53¢
After Extraordinary Item	\$2.39	68¢	84¢	\$1.04	53¢

†Including current portion of deferred income taxes.

\*\*Based on 1,702,495 Shares outstanding at December 31, 1974.

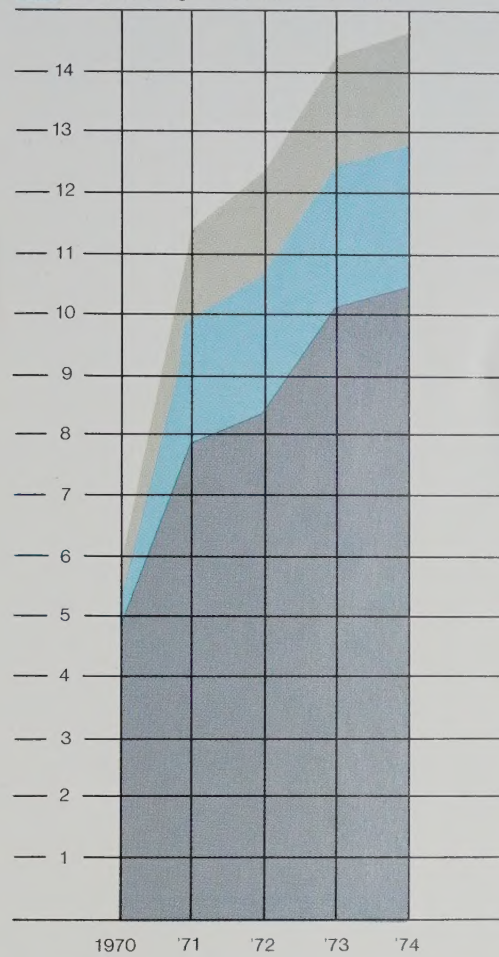


1969	1968	1967	1966	1965
\$ 1,142	\$ 594	\$ 387	\$ 131	\$ 40
1,602	1,005	777	610	246
4	5	5	20	1
1,065	604	394	315	205
498	156	79	55	—
—	—	—	—	—
1,186	844	696	391	82
739	381	301	588	269
37	19	16	10	5
58	32	29	14	9
400	208	147	66	32
495	259	192	90	46
3,016	1,830	1,343	591	209
11,721	6,184	4,237	2,659	739
942	444	330	303	73
64	53	33	28	23
61	68	44	15	—
64	41	22	13	5
753	282	231	247	45
9	21	9	9	7
352	94	93	121	5
392	167	129	117	33
—	—	—	—	—
392	167	129	117	33
3.4%	2.7%	3.1%	4.3%	4.5%
3.4%	2.7%	3.1%	4.3%	4.5%
23¢	10¢	8¢	7¢	2¢
23¢	10¢	8¢	7¢	2¢
48¢	19¢	15¢	15¢	3¢
48¢	19¢	15¢	15¢	3¢

## NUMBER OF EMPLOYEES

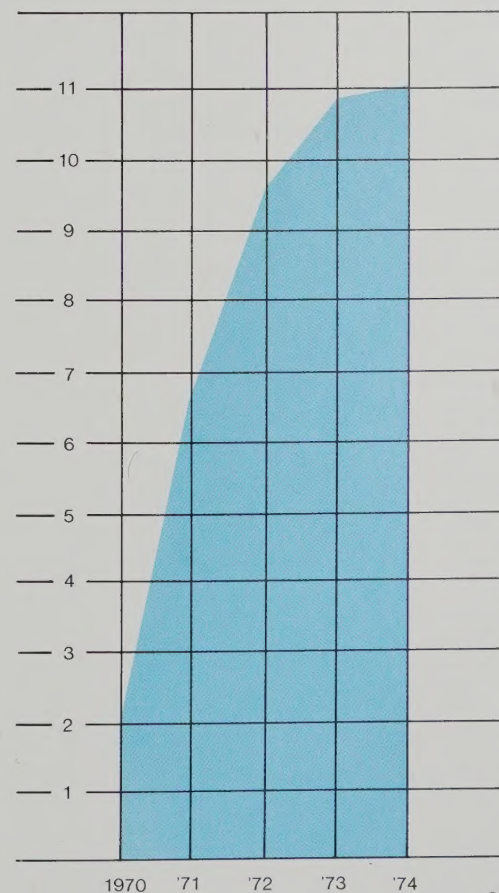
*in hundreds*

Scientists, Engineers and Technicians  
 Administrators and Clerks  
 Manufacturing and Construction Workers



## NET FIXED ASSETS

*millions of dollars*





# Corporate Information

## DIRECTORS

Kenneth G. Heffel, Vancouver  
George B. Bogdanow, Vancouver  
Bernhard L. Diefenbach, Edmonton  
K. F. Gunter Diefenbach, Edmonton  
Gerald Dobbs, Toronto  
Michael L. Galper, Toronto  
Ian L. Hamilton, Vancouver  
D. Scott Kennedy, Vancouver  
Michael P. Pick, Toronto  
Alan D. Turnbull, Vancouver  
J. Leslie Bodie, Bermuda

## OFFICERS

Kenneth G. Heffel, *President*  
George B. Bogdanow, *Vice President Finance*  
Ian L. Hamilton, *Vice President Operations*  
Raymond D. Lucas, *Vice President Corporate Development*  
George C. Hambleton, *Vice President Resource Operations*  
Gerard Norton, *Vice President Resource Engineering*  
Alan D. Turnbull, *Vice President Technical Services*  
Bernhard L. Diefenbach, *Vice President Prairie Region*  
Gerald Dobbs, *Vice President Eastern Region*  
D. Scott Kennedy, *Vice President Pacific Region*  
K. F. Gunter Diefenbach, *Vice President*  
D. Barry Milton, *Treasurer*  
William E. Allen, *Secretary*

## EXECUTIVE OFFICES

1060 - One Bentall Centre,  
Vancouver, B.C.

## REGISTERED OFFICE

7th Floor, 900 West Hastings Street,  
Vancouver, B.C.

## SUBSIDIARIES

Atlas Construction & Crane Service Ltd., Edmonton and Calgary  
Birtley Engineering Limited, Chesterfield and Glasgow, U.K.  
Birtley Engineering (Canada) Ltd., Calgary  
Birtley Engineering Inc., Denver, Salt Lake City, Detroit  
Great West Steel Industries (Alta.) Ltd., Edmonton, Calgary and New Westminster  
Great West Steel Industries (Sask.) Ltd., Saskatoon  
Great West Steel Industries Inc., Seattle and Los Angeles  
International Brick & Tile Ltd., Edmonton  
Multiform Consultants Ltd., Vancouver  
Pine Pass Development Ltd., Vancouver  
Taskmaster Computing Systems Ltd., Edmonton  
Wallclad Products Ltd., Richmond  
Wallclad Manufacturing Co. Ltd., Richmond

## STOCK LISTINGS

Toronto, Montreal and Vancouver  
Stock Exchanges

## BANKERS

The Toronto-Dominion Bank

## AUDITORS

Coopers & Lybrand,  
*Chartered Accountants*

## TRANSFER AGENTS & REGISTRARS

For common shares and  
share purchase warrants:

The Canada Trust Company,  
Vancouver, Toronto, Edmonton,  
Regina, Winnipeg, Montreal

For debentures:

The Royal Trust Company,  
Vancouver, Edmonton, Toronto,  
Montreal









# **GREAT WEST STEEL INDUSTRIES LTD.**

1060 - One Bentall Centre, Vancouver, B.C. V7X 1C8 Telephone (604) 682-3101